

DOCUMENT RESUME

07013 - [B2207213]

Complications in Implementing Home Weatherization Programs for the Poor. HRD-78-149; B-130515. August 2, 1978. 33 pp. + 6 appendices (22 pp.).

Report to the Congress; by Elmer B. Staats, Comptroller General.

Issue Area: Energy: Federal Efforts to Conserve Energy (1602); Income Security Programs: Programs for Special Target Populations (1304).

Contact: Human Resources Div.

Budget Function: Income Security: Public Assistance and Other Income Supplements (604).

Organization Concerned: Community Services Administration; Department of Energy; Department of Labor; Office of Management and Budget.

Congressional Relevance: House Committee on Education and Labor; Senate Committee on Human Resources; Congress.

Authority: Community Services Act of 1974 (P.L. 93-644; 42 U.S.C. 2701; 42 U.S.C. 2809). Energy Conservation and Production Act of 1976 (42 U.S.C. 6801; 42 U.S.C. 6861). Department of Energy Organization Act (P.L. 95-91; 42 U.S.C. 7101; 42 U.S.C. 7151). Public Works and Economic Development Act of 1961, title X (P.L. 93-567; 42 U.S.C. 3246). Economic Opportunity Act. Comprehensive Employment and Training Act of 1973. 45 C.F.R. 1061. CSA Instruction 6143.

To help combat the impact of rising energy costs on low-income individuals and to reduce national energy consumption, the Community Services Administration (CSA) insulates and repairs homes for the economically disadvantaged. As of December 1977, over \$100 million has been provided in grants to more than 900 local Community Action Agencies and other organizations. Also, the Department of Energy (DOE) is carrying out a \$200 million supplementary home weatherization program. Findings/Conclusions: The weatherization program has helped many disadvantaged families, but the extent of help cannot be determined nor can the amount of energy conserved. Because of a 10% limitation on program administrative costs, including labor, labor support is provided under a mutual agreement with the Department of Labor (DOL). This agreement has not been effectively carried out. Problems have resulted from poor workmanship and unavailability of an adequate labor force. The program has also been hampered by other administrative problems. CSA has not issued sufficient guidance, required program controls, nor adequately monitored program operations. Because grantees do not have specific direction for weatherizing rentals, most of the poor are excluded from the program. Also, CSA has not reported effectively on the quantity and nature of weatherization work performed and its effects on recipients and energy savings. An agreement of understanding among CSA, DOE, and DOL, intended to achieve program coordination, has not

resolved problems arising from differing regulations and two Federal funding sources making awards to the same grantees. Recommendations: The Secretaries of Labor and Energy, and the Director, CSA, should establish procedures under the interagency agreement to resolve difficulties. The Secretary of Labor should report periodically to the Office of Management and Budget (OMB) on DOL's manpower program commitments, and the Director, OMB, should make sure that the interagency agreement is functioning effectively. The Director, CSA, should: provide grantees with guidance for weatherizing rental property, require grantees to submit goals for rental weatherization in grant proposals, require grantees to provide new building weatherization plans with information to estimate energy savings, issue specific guidance for implementing grantee procurement and inventory controls, and increase CSA's monitoring to assure materials controls. The Secretary of Energy should adopt policies and procedures consistent with these recommendations. The Congress should: clarify the roles of CSA and DOE, consider placing responsibility for low-income home weatherization in DOE, and also consider providing the Secretary of Labor with authority to earmark Comprehensive Employment and Training Act program funds for supplying weatherization labor. (HTW)

7213

BY THE COMPTROLLER GENERAL

Report To The Congress

OF THE UNITED STATES

Complications In Implementing Home Weatherization Programs For The Poor

To help combat the impact of rising energy costs on low-income individuals and to reduce national energy consumption, the Community Services Administration insulates and repairs homes for the economically disadvantaged.

The Department of Energy is continuing and expanding the weatherization program, but it may inherit difficulties experienced in administering the Community Services Administration's program at the local level.

Federal agencies should

- have an adequate work force,
- provide specific guidance for rentals, and
- make sure that local projects use adequate management controls.

The Congress should clarify the roles of the Community Services Administration and the Department of Energy.



HRD-78-149
AUGUST 2, 1978



COMPTROLLER GENERAL OF THE UNITED STATES
WASHINGTON, D.C. 20548

B-130515

To the President of the Senate and the
Speaker of the House of Representatives

This is our report which discusses complications encountered by the Community Services Administration and the Department of Energy in operating parallel home weatherization programs for low-income families. We reviewed these programs to determine what measures were being taken to coordinate Federal efforts and what progress was being made to achieve program objectives.

We made our review pursuant to the Budget and Accounting Act, 1921 (31 U.S.C. 53), and the Accounting and Auditing Act of 1950 (31 U.S.C. 67).

We are sending copies of this report to the Director, Office of Management and Budget; the Director, Community Services Administration; and the Secretaries of Energy and Labor.

A handwritten signature in black ink, reading "Thomas G. Steels".

Comptroller General
of the United States

D I G E S T

The Community Services Administration's "weatherization" program--weatherstripping, caulking, insulating, and repairing broken glass--has helped numerous economically disadvantaged families who face problems caused by soaring energy costs. Priority has been given to the elderly and handicapped but no one is certain how many have been helped, to what extent they have been helped, or how much energy has been conserved. The Community Services Administration has not issued sufficient guidance, required program controls, or adequately monitored program operations. Without stronger guidance, future weatherization efforts will be impaired.

As of December 1977, over \$100 million has been provided in grants to more than 900 local Community Action Agencies and other organizations. To continue and expand this program the Department of Energy is carrying out a \$200 million supplementary home weatherization program for 3 years.

Community Services' estimates show that the program can save 2.7 million barrels of oil each year and reduce the poor's annual fuel bills by \$60 million. But it has been unable to maintain effective reporting on the number of homes weatherized, the nature and quality of work done, the effect on recipients, and energy savings. Also, the program has experienced problems in securing reliable labor sources, reaching poor tenants, and implementing effective operational controls.

RELIABILITY OF LABOR RESOURCES

The Community Services Administration limits program administration cost, including labor, to 10 percent of the grant amount, leaving

90 percent for weatherization materials. Within these constraints, grantees have been encouraged to use volunteers, residents themselves, and Federal manpower program laborers under a 1975 mutual agreement with the Department of Labor to provide support.

In many cases, materials have been improperly placed due to poor workmanship, and availability of manpower has been limited because the mutual agreement between Community Services and Labor was not effectively carried out. (See pp. 4 to 6.)

Some grantees have been unable to complete substantial portions of programmed weatherization work in time for the winter season because they could not secure a labor force. Other grantees received waivers from the 10-percent limit to spend up to 70 percent of grant funds on labor, thus defeating the program objective of maximizing the use of materials and the number of houses weatherized. (See pp. 6 to 8.)

PROGRAM EXCLUDES POOR TENANTS

Over half the households of the poor are rented dwellings which, for the most part, have been systematically excluded from Community Services' weatherization program in favor of serving single-family homeowners first. This is because grantees do not have specific direction and guidance for weatherizing rentals and for obtaining agreements with landlords that are equitable to the Government, the tenant, and the landlords. Many tenants are in multifamily complexes that might be weatherized at lower cost per household than single-family dwellings. (See ch 3.)

PROGRAM OPERATIONS

Weaknesses in Community Services' guidance, monitoring, and reporting have contributed to problems with administering local grantee program efforts. The principal difficulties concern the need for: better program planning

and direction; a system to identify energy savings and benefits to program recipients; and controls over material inventories, quality installation, and recipient eligibility. Also, work done by some grantees did not qualify as weatherization improvements. (See ch. 4.)

FUTURE WEATHERIZATION PROGRAM EFFORTS

Community Services, Energy, and Labor signed an agreement of understanding in August 1977 to encourage (1) better exchange of program information; (2) joint research, demonstration, and evaluation efforts; and (3) coordinated planning, funding, and employment program strategies. This agreement renewed Labor's earlier commitment to encourage manpower program labor support to weatherization efforts.

Yet to be resolved under the agreement are differing Community Services and Energy regulations and other problems arising from two Federal funding sources making awards to the same grantee for the same purpose. These differences include technical standards and materials for home weatherization, criteria for weatherizing rental dwellings, and project advisory committees. (See pp. 30 and 31.)

RECOMMENDATIONS

The Secretaries of Labor and Energy and the Director of the Community Services Administration should establish procedures under the interagency agreement to resolve difficulties that may arise with weatherization program efforts. The Secretary of Labor should provide the Office of Management and Budget with periodic reports on Labor's manpower program commitments to the weatherization program efforts and the Director, Office of Management and Budget, should make sure that the interagency agreement is functioning effectively and resolve any differences that may arise. (See p. 9.)

The Director of the Community Services Administration should (1) provide grantees with affirmative guidance for weatherizing rental property, including a definition of work which can be done without enriching landlords, legal guidelines for preparing and executing landlord agreements, and expanded technical guides addressing weatherization of multifamily dwellings and (2) require grantees to submit goals for rental weatherization in grant proposals. (See pp. 16 and 17.)

The Director should also:

- Require grantees to provide new building weatherization plans with the needed information to estimate energy savings and make filing the plan a funding contingency.
- Issue specific guidance for implementing grantee procurement and inventory controls.
- Increase Community Services Administration's monitoring to assure that materials controls are being implemented. (See p. 28.)

The Secretary of Energy should adopt policies and procedures that will be consistent with the General Accounting Office's (GAO's) recommendations to the Community Services Administration. (See p. 31.)

MATTERS FOR CONSIDERATION BY THE CONGRESS

The Congress should:

- Clarify the roles of the Community Services Administration and the Department of Energy in future Federal efforts to assist the economically disadvantaged to cope with rising energy costs.
- Consider placing responsibility for low-income home weatherization in the Department of Energy by amending the Community Services Act of 1975 and the Energy Conservation and Production Act of 1976.

The Community Services Administration would continue to be responsible for the emergency energy assistance program and other energy assistance efforts for the economically disadvantaged being tested under the Community Services Act. (See p. 32.)

The Congress should also consider providing the Secretary of Labor with the authority to earmark Comprehensive Employment and Training Act program funds for supplying weatherization labor in the event that the interagency agreement does not function to provide needed commitments from Comprehensive Employment and Training Act program sponsors. (See p. 10.)

AGENCY COMMENTS

Community Services and the Office of Management and Budget agreed that primary responsibility for low-income home weatherization should be placed on the Department of Energy. The Office of Management and Budget advised that Community Services' programs for emergency energy assistance are being proposed for transfer to the Department of Health, Education, and Welfare. GAO believes that problems with the Department of Health, Education, and Welfare's emergency assistance program as identified in an April 1978 GAO report should be resolved and that the Community Services Administration's emergency energy assistance program should be fully proven before considering the transfer. (See pp. 32 and 33.)

The Department of Labor proposed to develop procedures to encourage Comprehensive Employment and Training Act prime sponsors to cooperate in resolving weatherization problems. Provisions would be made for the prime sponsors and weatherization projects to agree on labor support while the sponsors' plans were being developed, and sponsor plans would be required to address the labor support provided to the weatherization program. Labor will continue to review sponsor plans but did not believe a review by Energy and Community Services would be of benefit.

The agencies questioned whether oversight by the Office of Management and Budget of the interagency agreement would be appropriate. The Office of Management and Budget indicated that it would rely on agency oversight and participate in enforcing the interagency agreement if a major disagreement develops between the agencies.

Community Services Administration agreed with the need to coordinate Comprehensive Employment and Training Act plans with weatherization manpower needs, but indicated a preference for direct labor funding for its programs. (See p. 11.) It did not act on most of GAO's other recommendations. (See pp. 17 and 28.)

Energy generally agreed with GAO's recommendation. (See pp. 10 and 32.)

C o n t e n t s

		<u>Page</u>
DIGEST		i
CHAPTER		
1	COMPLICATIONS IN HOME WEATHERIZATION PROGRAM IMPLEMENTATION	1
	CSA weatherization program	1
	Energy's weatherization program	2
	Scope of review	3
2	DIFFICULTIES IN SECURING A WEATHERIZATION WORKFORCE	4
	Labor sources and related limitations	4
	Problems experienced because of limitations on labor	6
	Efforts to correct labor difficulties and a new interagency agreement	8
	Conclusions	9
	Recommendations	9
	Matters for consideration by the Congress	10
	Agency comments and our evaluation	10
3	PROGRAM EFFORTS EXCLUDE MOST TENANTS	13
	Balancing weatherization benefits between owners and renters	13
	Regional and grantee approaches to weatherizing rental dwellings	14
	Conclusions	16
	Recommendations	16
	Agency comments and our evaluation	17
4	IMPROVEMENT NEEDED IN MANAGING THE WEATHERIZATION PROGRAMS	20
	System needed to assess program accomplishments	20
	Management controls need to be instituted	21
	Weatherization program monitoring and evaluation needed	27
	Conclusions	27
	Recommendations	28
	Agency comments and our evaluation	28

CHAPTER

5	FUTURE OF CSA AND DOE WEATHERIZATION PROGRAMS	30
	Efforts to remove program incompatibilities	30
	Conclusions	31
	Recommendation	31
	Matters for consideration by the Congress	32
	Agency comments and our evaluation	32

APPENDIX

I	Letter dated June 9, 1973, from the Director of the Community Services Administration	34
II	Letter dated April 21, 1978, from the Director, Division of GAO Liaison, Department of Energy	43
III	Letter dated April 28, 1978, from the Assistant Secretary for Administration and Management, Department of Labor	46
IV	Letter dated May 26, 1978, from the Executive Associate Director for Budget, Office of Management and Budget	49
V	Comparison of Department of Energy and Community Services Administration Weatherization Program Criteria	53
VI	Principal officials responsible for the activities discussed in this report	55

ABBREVIATIONS

CETA	Comprehensive Employment and Training Act of 1973
CSA	Community Services Administration
DOE	Department of Energy
GAO	General Accounting Office
OMB	Office of Management and Budget

CHAPTER 1

COMPLICATIONS IN HOME

WEATHERIZATION PROGRAM IMPLEMENTATION

Rising energy costs and severe winters have forced an additional economic burden on those who can least afford it-- the poor and the near poor. Responding to their problems, the Congress, in January 1975, authorized the Community Services Administration (CSA) to operate the Emergency Energy Conservation Services Program ^{1/} to lessen the effects of the energy crisis on low-income individuals and families, including the elderly, and to reduce energy consumption.

The Director of CSA was authorized to provide financial and other assistance for programs and activities including: an energy conservation and education program, the winterization of old and substandard dwellings, emergency loans and grants, emergency fuel, research for alternative fuel supplies, alternative transportation designed to save fuel, and programs for legal or technical assistance relating to energy.

CSA WEATHERIZATION PROGRAM

Although the enabling legislation authorized many services, CSA viewed energy conservation as the long-term solution to the low-income families' energy problems. During the first 3 years of operation, CSA devoted \$109 million of the \$145 million authorized for the program to 900 projects, which weatherized an estimated 268,252 homes through December 1977. The remainder was used to pay fuel bills on an emergency basis and provide related support. Weatherization entails home insulation improvements to reduce energy consumption. Weatherization projects which are operated principally by Community Action Agencies administer local efforts by assembling work crews through other Federal labor and volunteer programs, procuring materials, and controlling weatherization work performance. Typical weatherization efforts include weatherstripping, caulking, insulating, replacing broken windows, and installing storm windows. CSA estimates indicate that during the first year its program investments could reduce the needy's fuel bills by as much as \$60 million and fuel consumption by the equivalent of 2.7 million barrels of oil.

^{1/}On January 4, 1975, the Congress enacted Public Law 93-644 (42 U.S.C. 2701), the Community Services Act of 1974. Section 222(a)(12) (42 U.S.C. 2809) of this act created the program, Emergency Energy Conservation Services.

Operating under the broad authority of the Emergency Energy Conservation Services Program, CSA's weatherization program is closely tied to a wide range of other services available to the poor. The Community Action Agencies also provide crisis intervention support; alternative energy installations; advocacy and consumer education and protection on energy conservation issues; and numerous services not directly involved with energy such as housing rehabilitation, job training, food services, health care, and counseling.

Our assessment of local project achievements indicates that CSA's program lessens the burden of high energy costs and the amount of energy they consume. However, complete and reliable information on the results of weatherization efforts is not being obtained through CSA's program reporting system, and the program's effectiveness cannot be measured. Also, CSA's program has experienced operational difficulties including: (1) securing an adequate workforce, (2) establishing methods of serving the tenant poor, and (3) developing needed management controls. These difficulties will impede the progress of future weatherization program efforts if they are not remedied.

ENERGY'S WEATHERIZATION PROGRAM

To continue and expand CSA's program, the Congress, in August 1976, passed the Energy Conservation and Production Act, 1/ authorizing the Department of Energy (DOE) to establish a supplementary home weatherization program. The program's purpose was to help achieve a prescribed level of insulation in the dwellings of low-income persons, particularly the elderly and handicapped, thus aiding those who can least afford higher energy costs and conserving needed energy.

Under this program funding priority is to be given to local projects which have received CSA weatherization grants--principally, Community Action Agencies under CSA oversight. DOE received a weatherization appropriation of \$27.5 million for fiscal year 1977, of which \$6.8 million was awarded to

1/The Energy Conservation and Production Act (42 U.S.C. 6801) authorized the Federal Energy Administration to establish the supplemental program. (See 42 U.S.C. 6861(b).) However, all functions of the Federal Energy Administration were subsequently transferred to the Department of Energy by section 301 of the Department of Energy Organization Act (Public Law 95-91, Aug. 4, 1977, 42 U.S.C. 7101, 7151).

12 State sponsors during that year. CSA and DOE programs each have received appropriations of \$65 million in fiscal year 1978.

To avoid potential difficulties in coordinating the two programs and obtaining needed labor requirements, CSA and DOE entered into a new interagency agreement with the Department of Labor in August 1977 to encourage (1) a better exchange of program information; (2) joint research, demonstration, and evaluation; and (3) coordinated planning, funding, and employment program strategies.

This agreement, in effect, renewed the lapsed 1975 Labor commitment to encourage manpower program labor support for weatherization efforts. Under the new agreement, the following must still be resolved: differences in CSA and DOE program technical standards and materials for home weatherization, criteria for weatherizing rental dwellings, and project advisory committees.

SCOPE OF REVIEW

Because program growth had been rapid, we wanted to know what measures were being taken to coordinate Federal efforts and what progress was being made to achieve program objectives. Information was obtained at CSA and DOE headquarters regarding current and future weatherization program efforts. CSA's program was studied by evaluating the weatherization accomplishments of 14 program sponsors in four States--Colorado, Illinois, New York, and Texas. The States selected were representative of the program's geographic and climatic differences, and local projects selected provided a cross section of weatherization program approaches. As part of the review, a telephone survey of 215 randomly selected recipients was conducted and 144 weatherized homes were visited.

This report addresses achievements and difficulties in implementing CSA home weatherization programs for the poor. DOE's program was just beginning during the review, with program administrative procedures essentially complete and limited grant funds used. The work on DOE's program related primarily to analyzing procedural differences between DOE and CSA programs and their impact on future operations.

CHAPTER 2

DIFFICULTIES IN SECURING A WEATHERIZATION WORKFORCE

The Congress intended that program labor be secured, to the extent practical, through Federal manpower programs and volunteer services so that weatherization moneys could be used for materials, thus maximizing program impact. An interagency agreement for encouraging cooperative support for the program and other Federal energy efforts was signed in 1975; however, implementation was not effective.

Because labor resources from Federal manpower programs and volunteers were not ensured, many projects had delays, forcing money and materials to remain idle. Others used project weatherization moneys to contract for needed labor, thus substantially reducing the potential program impact.

LABOR SOURCES AND RELATED LIMITATIONS

Under Community Services Administration guidelines, ^{1/} local projects were required to hold labor and program administrative expenses to 10 percent of the grant amount, leaving 90 percent for weatherization materials. The local projects were to rely on such programs as the Department of Commerce's Job Opportunities Program and Labor's Comprehensive Employment and Training Act (CETA) program to provide major portions of the workforce. Volunteers among concerned citizens, program recipients, and volunteer organizations were to complement these resources.

In January 1975, seven Federal agencies, including CSA, signed an agreement to mobilize their resources for energy conservation programs for the elderly. CSA's weatherization program for the poor was considered in the agreement, and Labor and ACTION issued instructions encouraging local program sponsors to provide manpower and other support to CSA weatherization efforts under existing manpower and volunteer program requirements.

^{1/}The regulations issued by CSA regarding the emergency energy conservation program are found in 45 CFR 1061.30-1(1977).

Labor's CETA program and ACTION volunteers offered a good potential source of labor support for CSA's weatherization program. However, the fact that the agreement addressed only the elderly portion of CSA's target population limited its local implementation for CSA's program. Also, no provisions were made to identify and resolve implementation difficulties experienced under the agreement or to lever CETA and ACTION sponsor support for weatherization efforts.

CSA estimated that between July 1975 and February 1977 the weatherization program received \$5 million in CETA manpower support and \$14 million in local and Federal volunteer program support. Also, between December 1975 and March 1977, CSA provided an additional \$22 million in funds for labor (allocated under the Department of Commerce Job Opportunities Program 1/) to about 10 percent of its weatherization projects in high unemployment areas. These three resources were useful in providing some needed work crews and supervisory personnel. However, enabling legislation for the Job Opportunities Program expired by March 1977, leaving a labor gap at participating projects; in addition, CETA and volunteer labor were not dependable.

Four of the program sponsors reviewed were unable to obtain support from CETA program sponsors; the remaining 10 received limited support. Typical difficulties experienced by CSA weatherization projects in securing CETA workers were:

- Local CETA sponsors gave their own in-house programs a higher priority. (See p. 7.)
- CSA projects were unable to meet administrative requirements set by local CETA program sponsors. (See p. 7.)
- The length of CETA program sponsor commitment was insufficient to complete weatherization work. (See pp. 7 and 8.)

1/Title X of the Public Works and Economic Development Act of 1965, as amended. Public Law 93-567, Dec. 31, 1974 (42 U.S.C. 3246).

Under CETA, sponsors are responsible for program design and execution while Labor provides technical assistance, approves plans, and monitors sponsors' activities. In recent audits ¹/_{of Labor}, CETA program sponsor tendencies were noted to give preference to allocating CETA public service jobs to their own interests, rather than those of other agencies. Detail in CETA program sponsor plans, which Labor must approve, describing unmet public service needs and related priorities was lacking. In an effort to coordinate local CETA labor efforts supporting Department of Health, Education, and Welfare programs, Labor provides copies of CETA program sponsors' plans to the Department of Health, Education, and Welfare's regional offices for comment before approving them. CSA regions have not been afforded a similar opportunity.

Ten projects attempted to obtain Federal or community volunteers or develop self-help programs involving program recipients. Generally, these projects experienced difficulties with organizing volunteer support and obtaining quality workmanship from volunteers. Grantees that used program recipients to assist crew members or to do the work themselves indicated that few homeowners could do any work, particularly where the elderly or disabled were involved.

PROBLEMS EXPERIENCED BECAUSE OF LIMITATIONS ON LABOR

Facing CSA's 10-percent administrative limitation and the difficulties of obtaining labor from Federal manpower programs or volunteers, some projects sought to use program moneys for labor to avoid letting program materials or resources remain idle. Almost half the grantees reviewed requested and received waivers from CSA's 10-percent limitation on nonmaterials' expenditures. The waivers ranged from 20 to 70 percent. While these waivers permitted weatherization work to proceed on a reduced scale, some were not received in time to accomplish program objectives. The following examples illustrate problems experienced with program

¹/GAO Reports to the Congress, "Formulating Plans for Comprehensive Employment Services--a Highly Involved Process," (HRD-76-149, July 23, 1976) and "More Benefits to Jobless can be Attained in Public Service Employment," (HRD-77-53, Apr. 7, 1977).

dependence on labor from Federal manpower programs and actions by weatherization projects to resolve these problems.

- A project in one city received a \$108,793 grant in December 1975 to weatherize 325 homes using, CETA workers. To obtain CETA support, the project was required to hire union laborers based on mutual agreements between the CETA sponsor and the union. Because the project did not have sufficient funds within a 10-percent limitation to pay for such labor, the project informally requested a waiver. The project began hiring union carpenters in April 1976; however, the CETA sponsor was unable to furnish CETA workers for them to supervise until September 1976 because of other priorities. In the interim, the paid union laborers performed weatherization work. During the intervening period, the project received an additional grant for \$73,430 to weatherize more homes. As of December 1976, only 51 homes had been weatherized with \$28,100 of the CSA grant funds, 42 percent of which went for carpenters and crews. The community matched this amount with \$20,900 for supporting labor. An additional \$80,000 of CSA's grant was spent primarily to procure materials for weatherization work which was to begin during January 1977. However, the project only completed an additional 12 homes by February 15, 1977, during the severe prevailing weather conditions.
- A project in Texas received a \$55,000 grant in January 1976 to weatherize 220 homes during 1976. The project obtained most of its labor force from a local CETA summer youth program employing high school students who were only available for about 3 months; the project estimated that 50 percent of their time was spent on yard work, which the local CETA sponsor permitted. Between June and August 1976 the project weatherized 77 homes. After losing its summer workforce the project was only able to complete an additional 23 homes by December 1976.
- A second project in Texas had received three grants totaling \$74,500 between January 1976 and January 1977 to weatherize an estimated 285 homes. The project obtained most of its labor force from Job Opportunities Program moneys, which expired

in January 1977. The project had weatherized 122 homes with \$22,500 by January 1977. Between February and June 1977, \$52,000 remained idle and no homes were weatherized while the project was negotiating for support with the local CETA sponsor. The officials stated that they were not aware that they could have applied for a waiver.

EFFORTS TO CORRECT LABOR DIFFICULTIES AND A NEW INTERAGENCY AGREEMENT

In February 1977, the Director of CSA wrote the Secretary of Labor concerning needed support for CSA's weatherization program. The Director's letter cited two CETA program limitations being experienced or anticipated at local projects. These included regulations limiting the use of CETA labor on privately owned rental dwellings and the prospect of Labor's inability to transfer Title X Job Opportunities Program workers who worked on CSA weatherization, whose terms were expiring into CETA programs, to continue supporting CSA weatherization efforts.

The Secretary of Labor acted on the Director's request for support in April 1977. He also acted to modify regulations allowing CETA workers to weatherize privately owned rental dwellings approved by CSA or the Department of Energy. However, he was not able to transfer Title X workers to the CETA program. Referring to Presidential plans for a broad national energy message, the Assistant Secretary for Employment and Training wrote all local officials administering CETA programs advising them that the President's message would emphasize energy conservation measures and that, as a result, Labor was encouraging CETA prime sponsors to establish direct links with Federal and local programs designed to provide materials for low-income housing units. The memorandum cited several successful examples of CETA labor support of home weatherization programs and encouraged concerted sponsor efforts to commit CETA workers to such future programs.

The memorandum neither specified any procedures for monitoring the implementation of CETA/CSA cooperative program efforts nor provided any vehicle to resolve differences being experienced at the local level.

In August 1977, CSA and DOE signed a memorandum of understanding with Labor to establish interagency cooperation and link resources on weatherization program efforts

at the local level. The agreement (discussed in greater detail in ch. 5) renewed the Secretary of Labor's commitment to encourage prime sponsors to use CETA funds in support of a workforce for weatherization projects. However, Labor has not provided further implementing instructions to CETA sponsors, leaving the agreement subject to past difficulties of securing CETA program sponsor cooperation at the local level.

CONCLUSIONS

Local projects have experienced difficulties in obtaining work crews from Federal manpower programs and volunteers due to weaknesses in Federal planning efforts. As a result, some grantees have been forced to let needed program funds lie idle or devote program moneys to procure labor, thus lessening overall program impact.

Executive agencies at the national level must take positive action to assure functional provisions for a workforce under the new interagency agreement. Such actions will need to be monitored to avoid the pitfalls experienced with the earlier agreement.

RECOMMENDATIONS

We recommend that the Secretaries of Labor and Energy and the Director of CSA jointly establish procedures whereby CETA sponsor program plans are made available to CSA and DOE regional officials for comment before Labor approves them. Such comments will afford Labor direct insight into how well coordinated CETA program sponsors' plans are with national home weatherization program efforts. We also recommend that the Secretaries of Labor and Energy and the Director of CSA establish procedures under the interagency agreement to resolve difficulties that may arise with CETA program sponsors fulfilling approved planning commitments to support weatherization program efforts.

We recommend that the Director of the Office of Management and Budget (OMB) monitor the implementation of the interagency agreement to assure that CETA workers and weatherization projects are properly matched and that needed labor requirements are met. We recommend that the Secretary of Labor provide the Director of OMB with periodic reports on Labor manpower program commitments to the weatherization program efforts. The Director of OMB should resolve any differences that might arise in implementing agency commitments under the agreement.

MATTERS FOR CONSIDERATION BY THE CONGRESS

Because of the increasing importance of home weatherization programs and the limitations experienced in cooperative efforts with CETA program sponsors, the Congress may wish to provide the Secretary of Labor with the authority to earmark appropriate portions of the CETA appropriation for use in providing local labor to the weatherization program if the present interagency agreement falters.

AGENCY COMMENTS AND OUR EVALUATION

CSA, DOE, and Labor agreed on the need to coordinate CETA program plans with weatherization manpower needs. However, they stated that local prime sponsors have the authority to determine for what allowable purposes they will utilize available funds and Labor indicated that it is precluded from disapproving a prime sponsor's plan based on the percent of funds devoted to any particular allowable activity.

Labor felt that needed coordination and cooperation must take place at the local level, where priorities are set, and suggested that DOE and CSA negotiate labor agreements with CETA prime sponsors to jointly fund weatherization projects at the local level while prime sponsors are developing plans. Labor proposed developing procedures to encourage CETA program sponsors to cooperate with weatherization agencies and requiring sponsor plans to include agreements reached and the level of support they would provide. However, Labor expressed concern with the benefits that might be derived from DOE and CSA regional reviews of prime sponsor plans. Labor also questioned whether OMB should assume an active role in monitoring the interagency agreement and indicated that submitting periodic reports to OMB might create unnecessary paperwork.

DOE stated that differing program funding periods for CSA and DOE weatherization programs would make it difficult for a Community Action Agency to provide an accurate labor projection to CETA prime sponsors for planning and indicated that changes to the CETA requirements governing sponsor input to the plan should be requisite to improving the planning process. DOE also questioned whether OMB oversight of agency implementation of the agreement might inhibit the establishment of such "good will" agreements in the future and indicated that agency or program policy conflicts can be resolved under existing mechanisms.

OMB stated that the primary responsibility for effective implementation and monitoring of a statutorily established program should rest with the agency heads, and that it would continue to review agency policies and administration of programs. OMB expressed concern with the magnitude of efforts required to monitor CETA sponsor activities at many localities. However, if a major disagreement develops between the agencies, OMB stated that it will participate as required in its resolution.

CSA indicated that it welcomed any OMB activity that would provide needed labor for the program and indicated that there were difficulties in overcoming local problems through national direction. CSA suggested that the weatherization program be provided direct funding for labor. The funds should be provided directly to weatherization project operators, bypassing local prime sponsors altogether. At the same time, it should be made possible to hire weatherization labor for 2 years so that experienced manpower would not be lost.

CSA stated that projects are often able to obtain infusions of materials funds from such other sources, as Community Development Block Grant funds, thus permitting more flexible use of CSA moneys for labor. No grantees in the review were recipients of non-CSA material resources and CSA did not maintain data about the extent that such resources were being provided to its grantees.

The President emphasized, in his April 1977 National Energy Plan, the importance of home weatherization as an energy conservation measure and directed Labor "to take all appropriate steps to ensure that CETA prime sponsors will supply labor for the weatherization effort." Labor's proposal to implement procedures for encouraging CETA sponsor cooperation with weatherization projects and for including weatherization labor commitments in future CETA program sponsors' plans is an important commitment to the President's energy plan. It is also particularly relevant to CETA program objectives since training in home insulation is an important skill in increasing demand in today's labor market.

Past experience has shown that Community Action Agencies have often been unsuccessful in securing needed labor support through voluntary commitments of local CETA program sponsors. Regional CSA and DOE reviews of CETA sponsor plans would provide Labor with a needed perspective on the adequacy of CETA sponsor commitments in meeting weatherization requirements.

A principal function of OMB is to develop efficient Federal coordinating mechanisms to implement Government activities and to expand interagency cooperation. Periodically assessing the interagency agreement implementation would be consistent with this role and should assure that the agreement does not lapse into nonuse as did the earlier 1975 interagency agreement.

Labor has proposed to perform the detailed monitoring of local CETA sponsor provision of weatherization labor under the agreement. OMB's assessment could be accomplished with minimal administrative burden if it obtained quarterly or semi-annual labor overviews summarizing the progress being made under the agreement and the extent of CETA program sponsors' fulfillment of planning commitments to supply weatherization labor.

PROGRAM EFFORTS EXCLUDE MOST TENANTS

Over half the Nation's poor who rent rather than own their homes are not benefiting from the Community Services Administration's weatherization program. Some CSA regions and grantees are directing their programs exclusively for homeowners, due to insufficient CSA criteria for obtaining agreements with landlords that are equitable to the Government, the tenant, and the landlords and the lack of CSA technical standards for weatherizing multifamily dwellings. As shown below, about one-third of the tenant poor are in multifamily dwellings that might be weatherized at a lower cost per household than single-family dwellings.

Profile of

low-income households (note a)

	<u>Households</u>	
	<u>Number</u>	<u>Percent</u>
Eligible poverty households	<u>14,002,000</u>	<u>100</u>
Homeowners	<u>6,349,000</u>	<u>45</u>
Renters	<u>7,653,000</u>	<u>55</u>
(Apartments, 9 units or more)	1,530,600	11
(Apartments, 8 units or fewer)	2,755,080	20
(Single-family attached)	841,830	6
(Single-family detached)	2,525,490	18

a/Washington Center for Metropolitan Studies.

BALANCING WEATHERIZATION BENEFITS
BETWEEN OWNERS AND RENTERS

During congressional hearings for CSA and DOE's weatherization programs, there was substantial debate on possible landlord enrichment and concern that low-income renters could be excluded, for all practical purposes, from the program if the impact of enrichment was not considered in the proper perspective. Enabling legislation ultimately provided that weatherization program benefits be afforded to low-income individuals and families without distinguishing between homeowners and renters, leaving CSA responsible for developing criteria which assure no undue enrichment would accrue to participating landlords when weatherizing rental dwellings.

While the legislation was under consideration, CSA issued instructions to local sponsors indicating that the question of whether or not to work on rental dwellings is a difficult one and encouraging them to direct their primary efforts toward seeking enforcement of local building codes and mobilizing landlord resources. The guidelines provide that where it has been determined that rental dwellings will be weatherized and the landlord is paying for utilities, agreements should be obtained requiring the landlord not to evict the tenant and to

- reduce the rent by an amount equal to the value of weatherization materials for a time period which the sponsor specifies and not raise the rent beyond the preweatherization rent-payment level for an additional period of time thereafter, or
- repay the program sponsor for weatherization materials and not raise the rent over a stated time period.

If utilities are paid by the renter, an agreement is to be obtained not to raise the rent or evict the tenant over a specified time period.

When local projects secure agreements, they must look to CSA's Community Planning Guide for technical assistance on how weatherizing a rental dwelling can be accomplished. The National Bureau of Standards assisted in preparing these guidelines. A Bureau official who worked on the guide advised that it had been developed for single-family dwellings and that more complex technical approaches and assessments are required for weatherizing an apartment building, particularly in such technical areas as central heating plant performance, heat conduit insulation, and net heat savings after weatherization. Based on a December 1976 proposal, CSA asked the Bureau for technical assistance in developing optimum weatherization standards for multifamily units. Preliminary data from this study is expected by the spring of 1979.

REGIONAL AND GRANTEE APPROACHES TO WEATHERIZING RENTAL DWELLINGS

One of four CSA regional offices reviewed had issued instructions to program grantees prohibiting weatherizing rental dwellings and the other three had issued no specific guidance. Rationale offered for the instructions or lack thereof included

- anticipated difficulties in securing suitable agreements with landlords and tenants under present CSA criteria,
- uncertainty over whether landlord agreements would be binding, and
- the belief that there are enough qualified owner-occupied homes to which funds could be devoted.

Of the 14 grantees in the regions visited, 10 were exclusively directing their efforts to homeowners. The 10 grantees generally believed that there were sufficient homeowners that could be served at present funding levels without weatherizing rentals. These grantees indicated that

- landlords would never agree to noneviction and rent stabilization clauses as required in CSA guidelines;
- it would be difficult finding absentee landlords who operate through agents;
- agreements, if obtained, might not be binding; and
- the potential of weatherizing efforts being identified with landlord enrichment was deterrent.

Officials of the four remaining projects said that they were actively trying to help tenants benefit from the weatherization program. Three reported at least 20-percent rentals among the homes they weatherized, and the fourth did not maintain statistics on the number of rental units.

Approaches to weatherizing rental dwellings differed at the four projects. One project weatherized multifamily rentals up to four units, without a landlord agreement, if one unit was occupied by the dwelling owner. In such cases, weatherization costs were small and the grantee determined that potential enrichment was not substantive.

The other three projects devised their own forms for landlord agreements and have secured landlord cooperation for small rented single and multifamily dwellings. One project developed agreements that were contractually binding and included all provisions specified in CSA's guidelines. Two others used landlord questionnaires to determine willingness to reduce rent without requiring contractual commitment from landlords before performing weatherization work.

In one city, large rental buildings were selected for weatherization if the landlord had abandoned the building and it was run by the tenants, a community group, or a court-appointed receiver. The project had weatherized 151 buildings between 1975 and 1977, which totaled over 1,000 units.

CONCLUSIONS

CSA criteria for weatherizing rental dwellings specify the consideration to be obtained from landlords in return for weatherization work and are sufficiently stringent to preclude any form of landlord enrichment. However, the criteria do not describe the authorized types of improvements or dollar limitations for weatherizing multifamily rentals, provide the technical guidance necessary for identifying potential enrichment and performing needed weatherization improvements, or provide positive advice on successful methods of securing landlord agreements. Without such guidance, the renters, who are generally the poorest of the Nation's poverty population, are being excluded from the program's benefits.

Service costs and potential energy savings must be considered in CSA technical guidelines. In many cases, an apartment, because of common walls and ceilings, can be weatherized at less cost per household than a detached home. Therefore, the potential to be able to serve more families at less cost should provide additional incentive for efforts to obtain legal agreements and to address the technical aspects of weatherizing multifamily rental dwellings.

RECOMMENDATIONS

We recommend that the Director of CSA encourage and assist local projects to serve the tenant poor by providing regions and grantees with:

- Affirmative guidance for assessing and presenting the relative merits of weatherization improvements to landlords and tenants.
- A financial definition of work that can be done to rental property without enriching the landlord. The definition should provide a dollar ceiling on per unit weatherization costs and require an assessment of property enhancement from weatherization improvements.
- A legal format for preparing and executing enforceable landlord agreements.

--Weatherization guidelines that address technical issues relating to multifamily homes.

Also, we recommend that the Director require grantees to include statistics on eligible tenants in their grant proposals. These proposals should show realistic grantee goals to serve tenants and CSA should monitor such efforts.

AGENCY COMMENTS AND OUR EVALUATION

CSA stated that weatherizing rentals has faced many technical and legal problems and that there are more poverty owner-occupied dwellings (about 45 percent of the poverty population) needing weatherization assistance than CSA can reach with current funding levels. CSA stated it is not an easy task to assure that no landlord enrichment occurs and that external pressures concerning landlord enrichment, restrictions on using CETA labor on tenant housing, and inadequate technology for weatherizing multifamily units have hindered the program's service to renters.

CSA advised that a study begun for CSA in 1976 by the National Bureau of Standards to address multi-family dwelling weatherization technical problems will not yield initial data until early 1979. Restrictions on use of CETA labor were removed in April 1977. (See p. 8.) CSA did not indicate any planned changes to its procedures in response to our recommendations for affirmative guidance to grantees to assist in weatherizing rental dwellings.

In the absence of positive guidance, CSA grantees will continue to avoid weatherizing rental dwellings and a major segment of the poverty population will not be served by the program. Present CSA criteria are written to assure that no landlord enrichment occurs. 1/ However, legislation, influencing CSA criteria (42 U.S.C. 6861b) provides that no undue or excessive landlord enrichment should occur, recognizing that some benefit will always accrue to a landlord whose dwellings are weatherized.

Responding to the recommendation for a dollar ceiling on per unit rental weatherization costs and a requirement to assess property enhancement from weatherization improvements, CSA stated that its policy has been to encourage permanent

1/See CFR 1061.30-10 (c) 3(i), (ii).

improvements to property and that placing a dollar ceiling on per unit costs would, in effect, negate this policy.

This appears to be inconsistent with CSA's present guidelines for single-family dwellings which include a per unit cost ceiling to limit grant expenditures. Also, CSA criteria for insulating such dwellings require that air infiltration be stopped with non-permanent improvements, such as caulking or weatherstripping, before any permanent improvements, such as insulation or storm windows, are added. In multifamily dwellings where the basic building structure and heating plant are sound, low cost improvements in stopping infiltration such as caulking, weatherstripping, and some insulation could be accomplished without extensive technical analysis, based on potential energy savings and comfort to the tenants.

Providing a per unit dollar ceiling on rental unit weatherization costs will enable grantees to undertake rental weatherization with similar financial criteria afforded by CSA for single-family dwellings. Without per unit cost guidelines and criteria for measuring potential enhancement to real estate value or landlord utility bill reduction, most projects are reluctant to enter into agreements with landlords which might later be interpreted as undue landlord enrichment.

In response to our recommendation that grantees be required to include tenant statistics and goals for weatherizing rental units in grant proposals, CSA stated that setting priorities had been delegated to local Project Advisory Committees and that CSA does not set quotas to balance weatherization services between tenants and homeowners. Low income renters are generally among the poorest of the Nation's poverty population and recent statistics show that they constitute more than half those eligible for the weatherization program.

The lack of procedures promulgated by CSA for weatherizing rentals has inhibited grantees from undertaking rental weatherization, with the result that local projects are excluding a significant portion of the poverty population. Obtaining tenant statistics and rental unit weatherization plans accompanied by other recommended improvements in CSA guidelines would enable CSA to remain cognizant of weatherization benefits being provided to tenants and to provide appropriate guidance to grantees where rental weatherization may be most feasible. Such efforts would assure that all eligible households have an equal opportunity to share in the program's benefits.

Responding to the recommendation that CSA provide a legal format for preparing and executing enforceable landlord agreements, CSA cited draft instructions that could be modified to provide the necessary legal format and identified a CSA-funded study that developed alternative agreement formats used in one CSA region. No grantee in the review was aware of the model agreements because they had not been disseminated by CSA to other regions and have not been incorporated in CSA guidelines. Thus, some grantees in the review were using noncontractual landlord questionnaires as the basis for weatherizing rental dwellings or not bothering to obtain any agreements. Incorporating the developed formats into CSA's draft guidelines would resolve this problem.

The Department of Energy advised us that under its program States are permitted to determine the extent of rental weatherization to be undertaken. DOE indicated that its grantees may weatherize rental dwellings if (1) DOE has approved a plan assuring that weatherization benefits go primarily to the tenant, (2) rents will not increase due to increased value added to the dwelling and (3) no undue or excessive enhancement occurs. DOE grantees are also required to obtain the "written" agreement of the landlord before undertaking planned weatherization improvements. Energy's requirements are more flexible than CSA's and might result in more rental dwelling weatherization. DOE should periodically assess the extent of rental weatherization being accomplished under its program.

CHAPTER 4

IMPROVEMENT NEEDED IN MANAGING

THE WEATHERIZATION PROGRAMS

CSA guidance, monitoring, and reporting on the weatherization program have been hampered due to staffing limitations and administrative weaknesses. Among the more critical needs are systems that identify energy savings and provide control over material inventories, installation quality, and recipient eligibility. Some grantees' work did not qualify as weatherization improvements under CSA program criteria. Staffing constraints have limited CSA and grantee monitoring.

SYSTEM NEEDED TO ASSESS PROGRAM ACCOMPLISHMENTS

When creating the weatherization program, the Congress directed CSA to measure and evaluate the program's impact. Complying with this mandate, CSA issued instructions requiring all grantees to report monthly on program accomplishments and provided a building weatherization form that the National Bureau of Standards helped to develop. Each grantee was to use the form to record necessary information for assessing potential energy savings and identifying an optimum building weatherization plan. Because of the form's detail and the fact that filing the form was not a funding requisite, many grantees were not completing the forms.

As a result, CSA has been unable to estimate with certainty

- potential energy savings;
- the number of homes weatherized, types of improvements made, and related funding; or
- target populations reached.

In March 1978, CFA requested its grantees to provide data on the total number of houses weatherized through December 31, 1977. They reported that 268,252 homes had been completed at an average materials cost of \$233 for each house. Using these figures CSA then estimated that the total number of homes to be weatherized with funds obligated through fiscal year 1977 would exceed 350,000.

To alleviate the problem, CSA is developing a new form to substantially reduce the amount of required information.

While the new form does not require as much detail, it does eliminate information necessary to estimate potential energy savings, such as type of insulation existing in critical attic areas, ceiling heights, and fuel cost experience data.

To assess potential energy savings and participant satisfaction with program benefits, we interviewed a random sample of 215 program recipients at projects in the review and of those responding

--184 felt their houses were more comfortable after weatherization, while 27 did not;

--52 had received additional advice from project personnel on such energy-saving measures as closing drapes at night or reducing thermostats, while 143 others had not; and

--although personal records were generally not maintained, 150 felt their heating bills would have been higher without weatherization, while 41 said there was no measurable difference.

The interviews, for the most part, reflected satisfaction with program benefits, but revealed that increased project efforts were needed to determine if weatherization improvements were saving energy and for disseminating information on other energy-saving measures.

MANAGEMENT CONTROLS NEED TO BE INSTITUTED

Weatherization projects have implemented few management controls because of limited staffing and needed CSA guidance. Although CSA has issued instructions on weatherization program management, it has not provided projects with sufficient guidance for managing weatherization program materials. CSA regional offices have also maintained limited staffs for the weatherization program and were unable to provide effective onsite monitoring to determine whether local projects are complying with prescribed procedures.

Eligibility verification

To be eligible for benefits under the weatherization program, a family's income must be less than 125 percent of CSA's defined poverty threshold--\$7,313 per annum for a family

of four during 1977. At almost half the projects visited, the eligibility of some or all program recipients could not be verified because

- the grantee had not requested income information,
- recipients simply attested to an income figure without identifying its source, or
- the application did not include requested income information.

Project officials stated that eligibility was assumed based on familiarity with the recipient or neighborhood from which he came.

At 7 projects we found, through random review of records, that 36 ineligible persons had received weatherization assistance. In these instances, applications showed the recipients' incomes were as much as \$6,000 above the guidelines. Project officials said, in some cases, they had used outdated income guides or were not aware of all family income sources at the time of application.

Weatherization materials management

Some local grantees were procuring materials for weatherization and related services without management controls or records to assure that they were authorized, received, or properly placed. As a result of these weaknesses, some program funds were used to purchase

- such nonweatherization materials as bathroom fixtures, patio lights, and screen doors;
- custom storm windows with no assurance they were ever made; and
- a contractor's insulation work that had not been performed.

In the review we visited 144 houses where materials such as storm windows and insulation were recorded as installed and found that materials had not been installed on 18 homes. In contrast, at five projects materials had been installed on eight homes but were not reported against inventory records. During the visits it was also observed that in 11 cases such improvements did not meet CSA's definition of allowable work.

Some examples include

- using sheetrock to repair interior room partitions and then covering the walls with woodgrain paneling,
- installing roof gutters,
- rebuilding a storage room,
- cutting open an exterior wall to install a window, and
- making additional rooms in homes.

Quality of weatherization work

CSA technical guidance on home weatherization specifies that the first priority is stopping infiltration, which is the incursion of cold air accompanied by heat loss through broken windows, cracks, and holes in walls, floors, and roofs. After infiltration has stopped, storm windows and appropriate insulation levels may be installed according to the guide. Insulating before correcting infiltration problems is a waste of money.

At the 144 homes visited to observe weatherization improvements, significant contrasts in workmanship were noted. (See pp. 24 to 26.) At 40 homes, work quality could have been improved. At some homes, although infiltration had not been stopped, workmen had installed storm windows and put insulation in attics and in a basement. Other conditions included

- necessary weatherstripping and caulking were not done or were done improperly;
- roof repair displayed poor workmanship;
- insulation batts were improperly fitted, allowing heat loss;
- loose-fitting storm windows caused heat loss;
- plastic sheeting was installed poorly on windows; and
- underpinning was improperly secured and separating.



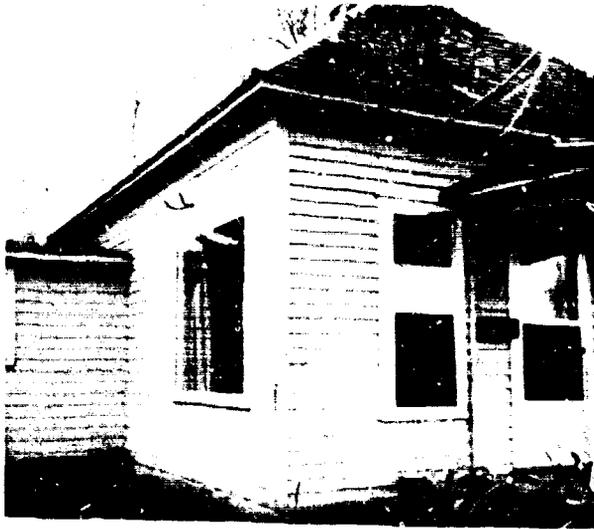
(PHOTO COURTESY OF BROOKLYN UNION GAS)



**COMPARISON OF PROPER AND IMPROPER
INSTALLATION OF BAT INSULATION.**



COMPARISON OF PROPER AND IMPROPER
INSTALLATION OF PLASTIC SHEETING.



**EXAMPLE OF EFFECTIVE INSTALLATION
OF STORM WINDOWS AND DOORS.**

Underlying all these problems was the absence of project and CSA controls to insure work quality. Site inspections of ongoing work were not made at any project. While 10 projects made some inspections of completed work, these controls were not sufficient to insure quality. Moreover, a lack of CSA monitoring precluded these conditions from being identified and corrected.

WEATHERIZATION PROGRAM MONITORING AND EVALUATION NEEDED

Under CSA guidelines each grantee was required to periodically evaluate project efforts and to establish a Project Advisory Committee comprised of community residents, including representatives of the poverty population, local governments, other resources agencies, and local utility companies. These committees were to recommend to the grantees boards weatherization quality standards to be met by each project and a system for inspecting completed work.

The review indicated that one grantee had not established a Project Advisory Committee and that half the committees had not established quality standards or followup procedures. Under these conditions, and with limited project administrative staffing, few projects inspected completed weatherization work and none had completed evaluations required by CSA guidelines.

CSA's External Audit Division completed an examination of the weatherization program in September 1976 and found similar problems to those disclosed in our review. Recommendations were made to certain CSA regions regarding needed program evaluations, lack of controls or procedures to prevent program abuses, and lack of progress in winterizing homes. As of February 1978, CSA regional offices were still considering implementing some recommendations.

CONCLUSIONS

CSA's weatherization program has helped numerous economically disadvantaged families who face problems caused by soaring energy costs. However, no one is certain how many have been helped, to what extent they have been helped, or how much energy has been conserved. CSA has neither issued sufficient guidance or required program controls nor adequately monitored program operations. Without stronger guidance, future weatherization efforts will be impaired.

RECOMMENDATIONS

The Director of CSA should:

- Make project filing of the building weatherization form contingent upon further Federal funding to assure complete information on program impact and energy savings and accurate reporting of program accomplishments.
- Implement a new building weatherization plan, requiring information on existing insulation in critical attic areas, ceiling heights, and fuel cost experience to assure more accurate energy savings' estimates.
- Issue specific guidance on management controls that grantees must implement to insure the integrity of material purchasing, safeguarding, and disposition.
- Increase CSA program monitoring to ascertain that materials' controls are being implemented, applicant eligibility is being verified, and work quality is being reported.
- Hold future project grants contingent upon correcting deficiencies identified in program monitoring.

AGENCY COMMENTS AND OUR EVALUATION

CSA agreed that future grants should be contingent upon grantee performance. In addition, it stated that fund release may be postponed based on the seriousness of deficiencies disclosed by monitoring or audit. CSA stated that field representative positions at regional offices are planned to be increased which should improve program monitoring.

CSA did not provide rationale as to why submitting building weatherization plans should not be a requirement for future funding, but indicated that it had deferred to the Office of Management and Budget's judgment in this matter. CSA informed us that a revised building weatherization form will require information on insulation in attic areas, but that ceiling height will not be a factor in computing energy savings. Fuel cost experience will be reviewed on a sample basis by inspecting utility records.

CSA noted that grantees vary in size and in complexity of management needs. It said that specific management control requirements have not been imposed, but that agency management systems are evaluated through annual Certified Public Accountant audits. CSA cited draft instructions (CSA instruction 6143-lb) that it plans to implement and advised us that it will include additional materials purchasing controls.

In light of past difficulties in obtaining program grantee cooperation in completing building weatherization forms, CSA should take measures to assure that these forms are used and completed by its grantees. Without completed information, CSA grantees cannot effectively assess the relative merits for weatherizing individual dwellings and CSA will continue to have inaccurate data on program accomplishments and energy savings.

Ceiling height is an important factor in identifying insulation requirements because building heating requirements are based on the volume of air space to be heated. Because many older homes occupied by the poor in urban areas have higher than standard ceilings which could add substantially to building insulation requirements, ceiling height should be an important factor to consider in weatherizing such homes. Energy's technical guidelines provide for consideration of ceiling height.

CHAPTER 5

FUTURE OF CSA AND DOE

WEATHERIZATION PROGRAMS

The Community Services Administration and the Department of Energy are operating home weatherization programs which the Congress authorized as primary and supplementary measures. Because DOE is charged with assuring that States implement the program through existing CSA-funded weatherization projects, its efforts could be vulnerable to problems relating to labor availability, weatherizing rental units, and marginal program controls discussed in preceding chapters. Also, differences in agency program guidance have brought about difficulties in implementing separate programs at the local level. In light of these difficulties and the fact that DOE has technical expertise in the area, the Administration has proposed to fund future weatherization efforts in its fiscal 1979 budget solely through DOE.

EFFORTS TO REMOVE PROGRAM INCOMPATIBILITIES

To continue and expand home weatherization programs implemented by CSA in 1975, the Congress provided DOE with the authority to implement a supplementary home weatherization program which began in 1977. Under this program, grants were to be awarded to States which would fund local projects to weatherize poor families' homes and funding priority was to be given to Community Action Agencies and other projects which operate CSA's Emergency Energy Conservation Program. DOE's program has authorized funding of \$200 million for fiscal years 1977 through 1979, and \$27.5 million was appropriated for fiscal year 1977.

DOE's program at the local level did not begin operating until fiscal year 1978, and CSA and DOE programs each have been funded at \$65 million for that year. To coordinate their efforts, the agencies signed an interagency memorandum of understanding with Labor in August 1977 to encourage:

- (1) a better exchange of program information;
- (2) joint research, demonstration, and evaluation activities;
- (3) coordination of planning and funding strategies which effectively link resources at the local level; and
- (4) related employment and training programs.

Despite the agreement, the programs are developing with dissimilar

standards and requirements for implementation at the local level, as described below and in appendix V. CSA officials stated that some Community Action Agencies are experiencing difficulty operating weatherization programs under dual standards.

- CSA guidelines require projects to organize community advisory committees as the planning focal point of weatherization efforts, while DOE regulations stipulate statewide organizations.
- CSA guidelines provide specific criteria for projects in securing landlord agreements to weatherize rental dwellings, while DOE regulations leave the agreement terms up to the project, admonishing that no undue enhancement should occur to the dwellings.
- CSA requires projects to use technical criteria for weatherizing homes that were developed with the Bureau of Standards, while DOE regulations require using different standards which a university developed.
- CSA regulations specify a lower financial ceiling and different qualifying weatherization materials than DOE regulations specify.

CONCLUSIONS

CSA's experience with the weatherization program should prove useful to DOE as it assumes increasing responsibility for funding grantees in CSA's program. DOE's program, which is funded through Community Action Agencies, may be susceptible to problems experienced in CSA's program. Local community action agencies and other weatherization projects that receive funding from both CSA and DOE are experiencing operating difficulties at the local level because they are working under dual performance standards.

RECOMMENDATION

We recommend that the Secretary of Energy and the Director of the Community Services Administration coordinate future policies and procedures adopted for weatherization programs. Such procedures should be consistent with recommendations made in this report.

MATTERS FOR CONSIDERATION
BY THE CONGRESS

Because of difficulties being experienced in implementing CSA and DOE home weatherization programs, the Congress should clarify the roles of these agencies in future Federal efforts to assist the economically disadvantaged to cope with rising energy costs. We recommend that the Congress consider placing responsibility in DOE for the home weatherization program by amending section 222(a)(12) of the Community Services Act of 1974 (42 U.S.C. 2809) to remove reference to weatherization program responsibilities and section 411(b) of the Energy Conservation and Production Act (42 U.S.C. 6861) to remove reference to the supplemental nature of DOE's program. This would place full responsibility for low-income home weatherization in DOE, and CSA would continue to retain responsibility for testing direct fuel assistance payment programs, and other related assistance efforts for the economically disadvantaged under the Community Services Act.

AGENCY COMMENTS AND OUR EVALUATION

CSA, DOE, and the Office of Management and Budget agree with our recommendations.

OMB concurred with the recommendation to the Congress pointing out that:

- The most effective way to provide weatherization assistance is through a single Federal agency.
- Numerous complaints have been received from State officials and local Community Action Agencies about different agency forms and work procedures.
- Agency grant allocations are made without considering the coverage provided by the other program.

OMB stated that, despite efforts to correct these problems, the differences cannot be completely eliminated because of differing statutory restrictions on the two programs. OMB's rationale for the future roles of CSA and DOE is discussed in attachment IV.

CSA concurred with the proposed transfer but did not feel that the difficulties mentioned in this report lead to the conclusion that the weatherization program should

be transferred to the Department of Energy. CSA indicated that it hopes the transfer will result in greater weatherization activities for the Nation's poor and that operating DOE's program through Community Action Agencies will combine DOE activities with the agencies' normal outreach.

The problems cited in this report and appendix V focus on the difficulties being experienced by local agencies administering low-income home weatherization programs under conflicting regulations, administrative procedures, and technical criteria from two Federal weatherization programs. Implementing home weatherization programs through one Federal agency with technical expertise in energy should resolve most difficulties.

CSA was designed as a unique agency to assist the poor through developing and testing innovative programs. In the past, successfully tested programs have been moved to other operating Departments of Government with functional responsibility for the service being provided. DOE has the Federal Energy mission and related technical expertise necessary for managing a program to effectively weatherize the homes of the poor.

OMB pointed out that providing energy assistance to the poor during energy crisis has been proposed by the Administration for transfer to the Department of Health, Education, and Welfare and that CSA would continue its role of seeking out additional problems of the low-income and developing innovative approaches to resolving these problems.

In April 1978, we reported 1/ that the Department of Health, Education, and Welfare's program for providing Emergency Assistance for needy families had experienced serious management and legal problems and we questioned continuing the Federal program efforts based on availability of such assistance through existing State programs. We believe these matters should be resolved and CSA's emergency energy assistance program be fully proven before considering consolidation of the program in the Department of Health, Education, and Welfare.

1/(HRD-78-65, Apr. 5, 1978, "Should Emergency Assistance For Needy Families Be Continued? If So, Program Improvements Are Needed.")

Community WASHINGTON, D.C. 20506
Services Administration 

JUN 9 1978

Mr. Gregory J. Ahart
Director
Human Resources Division
United States General Accounting Office
Washington, D.C. 20548

Dear Mr. Ahart:

Thank you for the opportunity to comment on your draft report titled, "Complications in Implementing Home Weatherization Programs for the Poor", dated March 15, 1978. We also appreciate the recognition your report has given both to CSA as the initiator of this new program and to the difficulties a program of this nature has had in substantiating the degree to which a weatherization program lessens the burden of high energy costs for the poor as well as reducing the amount of energy consumed.

Such difficulties have not been unexpected, since CSA funded its first weatherization project in Maine back in December 1973, and are certainly not easily overcome. However, looking upon CSA's weatherization experience during the first few years as part of a pilot or developmental phase has resulted in a greater understanding by many agencies of how the poor are affected by an energy crisis. Such experience has also been culminated in the National Energy Act which proposes both conformity between CSA's and DOE's weatherization programs and governing regulations developed directly out of the CSA experience.

It is unfortunate that your report did not give a clearer understanding of the degree to which CSA's weatherization activities, when run through our Community Action Agencies under the broad authority of Section 222(a)(12) of the Economic Opportunity Act, are tied closely to a wide range of other services available to the poor. For example, the CAA outreach

workers' knowledge of the low income area and families provides a ready identification of those families most in need of weatherization activities. Also, the CAA does not stop at providing weatherization improvements, but will provide crisis intervention support, alternative energy installations, advocacy and consumer education and protection on energy conservation issues, as well as any number of other services not directly involved with energy, such as housing rehabilitation, job training, food services, health care, and counselling.

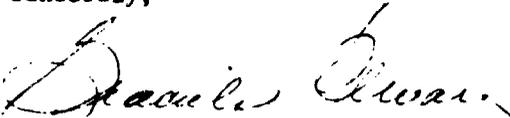
In discussing the inability to obtain sufficient labor on a timely basis, we would like to emphasize that although current CSA Instructions limit the use of weatherization funds to 90 per cent for materials, there is a provision for waiver of this limit in cases where other sources of labor are not available, or where, as is often the case, projects are able to obtain infusions of materials funds from non-CSA sources such as Community Development Block Grant funds, requiring more flexible use of CSA monies.

We would also like to comment in general on the section of your report which infers a systematic exclusion of tenants from the weatherization program. In addition to external pressures to insure that our limited weatherization funds do not benefit non-low income landlords, as well as very specific requirements of the Department of Labor restricting the use of CETA labor on tenant occupied housing, technology concerning ways to conserve energy in large multi-family structures is less developed than in single family dwellings. Also, CSA Instructions make specific provision for weatherization of tenant-occupied dwellings, and CSA grantees, including the New England Regional Energy Project, the National Consumer Law Center, and the National Bureau of Standards, have been working for the past eighteen months on both the legal and technical barriers to tenant weatherization. Finally, the statistics in your report indicate there are over 6 million poverty owner-occupied dwellings needing weatherization assistance, which is many times the number that can be reached with the funding levels currently existing.

Finally, without in any way commenting on the substantive issue of the transfer of the weatherization program to DOE, which has been recommended by the President and is under consideration by the Congress, we feel constrained to point out that recommendation under the heading of "Matters to be Considered by the Congress" is completely gratuitous, in that it in no way follows from any of the discussion in the body of the report, nor responds in any manner to the specific problems which the report raises.

Our responses to your specific recommendations are included as an enclosure.

Sincerely,



Graciela (Grace) Olivarez
Director

Enclosure

RESPONSES TO GAO RECOMMENDATIONS
IN DRAFT REPORT TITLED

"COMPLICATIONS IN IMPLEMENTING HOME WEATHERIZATION PROGRAMS
FOR THE POOR"

RECOMMENDATIONS

THAT THE SECRETARIES OF THE DEPARTMENTS OF LABOR AND ENERGY AND THE DIRECTOR OF CSA JOINTLY ESTABLISH PROCEDURES WHEREBY CETA SPONSOR PROGRAM PLANS ARE MADE AVAILABLE TO CSA AND DOE REGIONAL OFFICIALS FOR COMMENT BEFORE DOL APPROVAL.

THAT THE SECRETARIES OF THE DEPARTMENTS OF LABOR AND ENERGY AND THE DIRECTOR OF CSA ESTABLISH PROCEDURES UNDER THE INTERAGENCY AGREEMENT TO RESOLVE DIFFICULTIES THAT MAY ARISE WITH CETA PROGRAM SPONSORS FULFILLING APPROVED PLANNING COMMITMENTS TO SUPPORT WEATHERIZATION PROGRAM EFFORTS.

Comments

CSA has initiated discussions to improve the efforts of all three agencies in resolving the difficulties of assuring sufficient manpower to meet the Congressional intent for this program. However, because the CETA program is not a nationally directed program, the difficulties in assuring volunteer CETA labor for this weatherization program is not easily overcome by national coordination. CSA is seriously exploring the possibility of an earmarking of funds specifically for weatherization labor, which in our view is the only satisfactory answer to this problem.

RECOMMENDATIONS

THAT THE DIRECTOR OF THE OFFICE OF MANAGEMENT AND BUDGET (OMB) ACTIVELY MONITOR THE IMPLEMENTATION OF THE INTERAGENCY AGREEMENT TO ENSURE THAT CETA WORKERS AND WEATHERIZATION PROJECTS ARE PROPERLY MATCHED AND THAT NEEDED LABOR REQUIREMENTS ARE MET.

THAT THE SECRETARY OF LABOR PROVIDE OMB WITH PERIODIC REPORTS ON DOL MANPOWER PROGRAM COMMITMENTS TO THE WEATHERIZATION PROGRAM EFFORTS.

THAT OMB RESOLVE ANY DIFFERENCES THAT MIGHT ARISE IN IMPLEMENTING AGENCY COMMITMENT UNDER THE AGREEMENT.

Comments

Although CSA welcomes any activity by the Office of Management and Budget which would result in additional labor for this program, as indicated above, it is extremely difficult to overcome through national direction those problems which exist at the local level. Under the law and policies of the Department of Labor, local CETA Prime Sponsors are not given the kind of specific direction that could assure sufficient labor for the weatherization program. Instead, it is our view that the funds for labor should be given directly to weatherization project operators, by-passing local prime sponsors altogether. At the same time, it should be made possible to hire weatherization labor for two years, so that manpower could not be lost as soon as becoming proficient.

RECOMMENDATIONS

THAT THE DIRECTOR OF CSA ENCOURAGE AND ASSIST LOCAL PROJECTS TO SERVE THE TENANT POOR BY PROVIDING REGIONS AND GRANTEEES WITH:

- (1) AFFIRMATIVE GUIDANCE FOR ASSESSING AND PRESENTING THE RELATIVE MERITS OF WEATHERIZATION IMPROVEMENTS TO LANDLORDS AND TENANTS.

Comments

CSA believes that the guidance already provided to our grantees is generally sufficient. It must be remembered that detailed technology regarding energy conservation techniques for large multi-family structures is less advanced than for single-family dwellings and that it is not an easy task to assure no benefit to non-low income landlords. CSA will continue doing everything possible to protect against the unfair enrichment of landlords, while providing the legal and technical support to enable local projects to expand weatherization of tenant occupied dwellings.

- (2) A DEFINITION IN FINANCIAL TERMS OF WORK WHICH CAN BE DONE TO RENTAL PROPERTY WITHOUT ENRICHING THE LANDLORD. SUCH DEFINITION SHOULD PROVIDE A DOLLAR CEILING ON PER UNIT WEATHERIZATION COSTS AND REQUIRE AN ASSESSMENT OF PROPERTY ENHANCEMENT FROM WEATHERIZATION IMPROVEMENTS.

Comments

It has been CSA's policy to recommend that permanent improvements be made. Providing a dollar ceiling on per unit cost will, in effect, negate this policy. The policy on requiring appropriate agreements with the landlord goes as far as possible to assure that program benefits accrue to low income tenants. Where permanent improvements to structures do accrue, there is likelihood that the owner of the structure will benefit to a certain degree.

(3) A LEGAL FORMAT FOR PREPARING AND EXECUTING ENFORCEABLE LANDLORD AGREEMENTS

Comments

The required clauses for legal agreements are specified in CSA Instruction 6143-1b. The enforcement of these agreements will, for the most part, be decided by the laws governing contracts between two parties.

(4) WEATHERIZATION GUIDELINES THAT ADDRESS THE TECHNICAL ISSUES RELATING TO MULTI-FAMILY HOMES.

Comments

The research project being conducted by the National Bureau of Standards will provide additional data regarding multi-family structures. We expect to have some preliminary data resulting from this study by the Spring of 1979.

RECOMMENDATIONS

THAT THE DIRECTOR REQUIRE GRANTEE: TO INCLUDE IN THEIR GRANT PROPOSALS STATISTICS ON ELIGIBLE TENANTS IN THEIR AREAS. THE PROPOSALS SHOULD SHOW REALISTIC GRANTEE GOALS TO SERVE TENANTS IN BALANCE WITH SERVICE TO HOMEOWNERS AND SUCH EFFORTS SHOULD BE MONITORED BY CSA.

Comments

Local Project Advisory Committees determine priorities for their organizations. As such CSA does not set quotas to be met regarding the balance between tenants and homeowners.

RECOMMENDATIONS

THE DIRECTOR OF CSA SHOULD:

- (1) MAKE PROJECT FILING OF THE BUILDING WEATHERIZATION FORM A CONTINGENCY FOR FURTHER FEDERAL FUNDING TO ASSURE ACCURATE INFORMATION ON PROGRAM IMPACT AND ENERGY SAVINGS,

Comments

When the building weatherization form was first developed, OMB determined that submission of the form to CSA or DOE should not be a requirement to receive additional Federal funds.

- (2) IN IMPLEMENTING A NEW BUILDING WEATHERIZATION PLAN, REQUIRE INFORMATION ON EXISTING INSULATION IN CRITICAL ATTIC AREAS, CEILING HEIGHTS AND FUEL COST EXPERIENCE TO ASSURE MORE ACCURATE ENERGY SAVINGS ESTIMATES,

Comments

The revised form requires information on existing insulation in attic areas; however, ceiling height is not a factor in computing energy savings and fuel cost experience will be reviewed on a sample basis by inspecting utility records.

- (3) ISSUE SPECIFIC GUIDANCE ON MANAGEMENT CONTROLS GRANTEES MUST IMPLEMENT TO INSURE THE INTEGRITY OF MATERIAL PURCHASING, SAFEGUARDING, AND DISPOSITION,

Comments

As grantees vary in size and in complexity of their management systems needs, specific system requirements for this program have not been imposed. The adequacy of the total agency management system will be determined at time of audit. In the meantime CSA's newly revised Instruction 6143-1b will include some additional controls for materials purchasing.

- (4) INCREASE CSA PROGRAM MONITORING TO ASCERTAIN THAT MATERIALS CONTROLS ARE BEING IMPLEMENTED, APPLICANT

ELIGIBILITY IS BEING VERIFIED AND THE QUALITY OF THE WORK IS BEING REPORTED.

Comments

Although resources are limited, we hope that the planned increases in field representative positions at our regional offices and the emphasis CSA is putting on training and technical assistance, will provide some benefit to this program.

- (5) HOLD FUTURE PROJECT GRANTS CONTINGENT UPON CORRECTION OF DEFICIENCIES IDENTIFIED IN PROGRAM MONITORING.

Comments

CSA does make future grants based on grantee performance. In addition, after obligation, fund release may be postponed based on the seriousness of deficiencies disclosed by program monitoring or by audit.

RECOMMENDATION

WE RECOMMEND THAT THE SECRETARY OF THE DEPARTMENT OF ENERGY AND THE DIRECTOR OF THE COMMUNITY SERVICES ADMINISTRATION COORDINATE FUTURE POLICIES AND PROCEDURES ADOPTED FOR WEATHERIZATION PROGRAMS. SUCH PROCEDURES SHOULD BE CONSISTENT WITH RECOMMENDATIONS WE ARE MAKING IN THIS REPORT.

Comments

CSA has been coordinating its weatherization policies and procedures with the Department of Energy and will continue to do so in the future.

MATTERS FOR CONSIDERATION BY THE CONGRESS

BECAUSE OF DIFFICULTIES BEING EXPERIENCED IN IMPLEMENTING CSA AND DOE HOME WEATHERIZATION PROGRAMS, THE CONGRESS MAY WISH TO CLARIFY THE RESPECTIVE ROLES OF THESE AGENCIES IN FUTURE FEDERAL EFFORTS TO ASSIST THE ECONOMICALLY DISADVANTAGED TO COPE WITH THE RISING

COSTS OF ENERGY. WE ARE RECOMMENDING THAT THE CONGRESS CONSIDER PLACING RESPONSIBILITY ON DOE FOR THE HOME WEATHERIZATION PROGRAM BY AMENDING SECTION 222(a)(12) OF THE COMMUNITY SERVICES ACT OF 1974 (42 U.S.C. 2809) TO REMOVE REFERENCE TO WEATHERIZATION PROGRAM RESPONSIBILITIES AND SECTION 411(b) OF THE ENERGY CONSERVATION AND PRODUCTION ACT (42 U.S.C. 6861) TO REMOVE REFERENCE TO THE SUPPLEMENTAL NATURE OF DOE'S PROGRAM. THIS WOULD PLACE FULL RESPONSIBILITY FOR LOW-INCOME HOME WEATHERIZATION ON DOE AND CSA WOULD CONTINUE TO RETAIN RESPONSIBILITY FOR THE CRISIS INTERVENTION AND OTHER DIRECT FUEL ASSISTANCE PAYMENT PROGRAMS, TECHNICAL ASSISTANCE, AND RELATED EFFORTS FOR THE ECONOMICALLY DISADVANTAGED UNDER THE COMMUNITY SERVICES ACT.

Comments

Although we do not agree that the difficulties mentioned in this report lead to the conclusion that the weatherization program should be transferred to the Department of Energy, it is hoped that such a transfer to the major agency with national responsibility for energy related activities will, in the long run, result in greater weatherization activities for the nation's low-income population. Our Community Action Agencies will continue to have a significant role in administering the funds provided by DOE and as a result be able to combine such efforts with their normal outreach efforts.



Department of Energy
Washington, D.C. 20545

APR 21 1978

Mr. Monte Canfield, Jr., Director
Energy and Minerals Division
U.S. General Accounting Office
Washington, DC 20548

Dear Mr. Canfield:

We appreciate the opportunity to review and comment on the GAO draft report entitled "Complications in Implementing Home Weatherization Programs for the Poor."

Comments pertaining to the recommendations are as follows:

GAO Recommendation (p. 13)

We recommend that the Secretaries of the Departments of Labor and Energy and the Director of CSA jointly establish procedures whereby CETA sponsor program plans are made available to CSA and DOE regional officials for comment before DOL approval.

DOE Comment

We agree. However, we believe the realities of current DOL authority under its act and regulations makes review of prime sponsor plans a meaningless exercise unless some specific legislative and regulatory requirements are made available to govern a prime sponsor's input to its plan. Currently, there is not even a requirement that weatherization needs be addressed in the plan, and, even if there was, DOL has no authority to direct that specific slots be set aside for weatherization use.

Even if prime sponsors were required to address weatherization needs in their plans, one additional difficulty would remain to be resolved. A determination of what weatherization needs will exist at any point in the year will be almost impossible for the prime sponsor to make under current funding arrangements. With both DOE and CSA providing funds at different times of the year to the weatherization effort, a community action agency probably will not be able to provide a timely and accurate projection to a prime sponsor for inclusion in the plan. Consequently, a prime sponsor must use a guess that may or may not be accurate.

GAO Recommendation (p. 13)

We also recommend that the Secretaries of the Departments of Labor and Energy and the Director of CSA establish procedures under the interagency agreement to resolve difficulties that may arise with CETA program sponsors

APR 1977

fulfilling approval planning commitments to support weatherization program efforts.

DOE Comment

We agree with this recommendation also; however, to focus attention on labor problems we believe the last two lines should be reworded to read: "...that may arise with CETA program sponsors supplying sufficient weatherization labor."

GAO Recommendation (p. 33)

We recommend that the Secretary of the Department of Energy and the Director of the Community Services Administration coordinate future policies and procedures adopted for weatherization programs. Such procedures should be consistent with recommendations we are making in this report.

DOE Comment

We agree.

GAO Recommendation (p. 13)

We recommend that the Director of the Office of Management and Budget (OMB) activity monitor the implementation of the interagency agreement to ensure that CETA workers and weatherization projects are properly watched and that needed labor requirements are met.

DOE Comment

The interagency agreement is a voluntary cooperative agreement between DOE, DOL, and CSA. To apply the suggested OMB responsibility above the "good will" agreements of the Agencies would establish a dangerous precedent in consummating and performing under such agreements in the future. There already exists means to resolve program or policy conflicts between Agencies.

Other DOE Comments

With respect to the recommendation to the Director of CSA on page 19 of the draft report we offer the following comments:

The DOE has taken the position that weatherization of rental units is an option that should be left to the States. Section 440.15(b) of the DOE regulations published in the Federal Register June 1, 1977, permits grantees to weatherize rental dwelling units when an acceptable plan has been approved which ensures that: (1) weatherization benefits go

APR 1980

primarily to tenants, (2) rents will not be raised because of the increase in value of the dwelling unit, and (3) no undue or excessive enhancement of the property value will occur. These requirements reflect those contained in Section 413(b)(2)(B) of the Energy Conservation and Production Act of 1976.

GAO note

Sincerely,



Fred L. Hiser, Director
Division of GAO Liaison

GAO note: Deleted comments relate to matters which were presented in the draft report but which have been revised or omitted from the final report.

U.S. DEPARTMENT OF LABOR
OFFICE OF THE ASSISTANT SECRETARY
WASHINGTON

APR 28 1978

Mr. Gregory Ahart
Director, Human Resources Division
U. S. General Accounting Office
200 Constitution Avenue, N. W.
Washington, D. C. 20210

Dear Mr. Ahart:

In accordance with your request, we are submitting comments on the General Accounting Office's (GAO) draft report entitled "Complications in Implementing Home Weatherization Programs for the Poor."

Following are comments on the proposed recommendations which pertain to programs and services of the Department of Labor.

Recommendation No. I. We recommend that the Secretaries of the Departments of Labor (DOL) and Energy (DOE) and the Director of the Community Services Administration (CSA) jointly establish procedures whereby CETA sponsor program plans are made available to CSA and DOE regional officials for comment before DOL approval. Such comments will afford DOL with direct insight into how well coordinated CETA program sponsor plans are with national home weatherization program efforts.

Response. We feel that the review of completed plans by CSA and DOE would be minimally productive. It must be recognized that local CETA prime sponsors have the authority under the Act to determine what programs they will fund. Therefore, we recommend that procedures be developed which will allow CSA and DOE to recommend to the prime sponsors that certain programs be jointly funded while the prime sponsor is in the process of developing its plans. The involved agencies could work out local agreements establishing the necessary working procedures.

Recommendation No. II. We recommend that the Director of the Office of Management and Budget (OMB) actively monitor the implementation of the interagency agreement to ensure that CETA workers and weatherization projects are properly matched and that needed labor requirements are met.

Response. We do not concur with this recommendation. First, we question whether such a direct operational role is even appropriate for OMB. More importantly, we again feel that the recommendation implies a mandate that does not exist in the CETA legislation and fails to recognize the overall impact of the program. Again, we feel that local agreements worked out between the appropriate local officials which involve coordination as the local CETA plan is developed, is the proper way to develop any necessary coordination and cooperation. The local officials will be able to give proper weight to all local priorities when determining levels of commitments to weatherization programs.

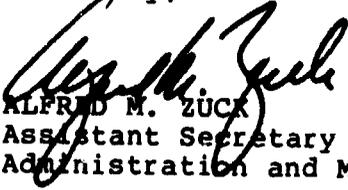
Recommendation No. III. We recommend that the Secretary of Labor provide OMB with periodic reports on DOL manpower program commitments to the weatherization program efforts. OMB should resolve any differences that might arise in implementing agency commitments under the agreement.

Response. We do not concur with this recommendation. Besides creating unnecessary paperwork, the recommendation again assumes that DOL imposes on prime sponsors, requirements to fund certain types of projects. In fact, in accordance with the Act, local prime sponsors have the authority to determine for what purposes, allowable under the Act, they will utilize available funds. The Act specifically forbids the DOL from disapproving a prime sponsor's plan based on the percent of funds devoted to any particular allowable activity.

We propose to develop procedures for encouraging prime sponsors to cooperate with the appropriate agencies in resolving local weatherization problems. The procedures could include the inclusion in the prime sponsor plans for each fiscal year, the agreements reached and, in particular, the level of support to be provided to such efforts. DOL could then monitor the prime sponsor efforts in achieving

the weatherization portion of its plan. This would be consistent with current practices and also in accordance with procedures established under the Act and the rules and regulations promulgated pursuant to the Act.

Sincerely,



ALFRED M. ZUCK
Assistant Secretary for
Administration and Management



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D. C. 20503

MAY 28 1973

Honorable Victor L. Lowe
Director
General Accounting Office
Washington, D. C. 20548

Dear Mr. Lowe:

We have reviewed the draft GAO report entitled "Complications in Implementing Home Weatherization Programs for the Poor," and pursuant to your request for comments on the draft, we suggest the following with regard to two of the report's recommendations.

GAO recommendation - "the Director of the Office of Management and Budget (OMB) actively monitor the implementation of the interagency agreement to ensure that CETA workers and weatherization projects are properly matched and that needed labor requirements are met...that the Secretary of Labor provide OMB with periodic reports on DOL manpower program commitments to the weatherization program efforts. OMB should resolve any differences that might arise in implementing agency commitments under the agreement."

Response - The primary responsibility for effective implementation and monitoring of a statutorily established program rests with the agency heads. The Office of Management and Budget will continue to review agency policies and administration of programs. It would be most inappropriate, however, for OMB to receive detailed reports on or review the individual program arrangements made in hundreds of localities among Community Services Administration and Departments of Labor and Energy grantees. The agencies involved in the agreement have the staff and expertise to perform any systematic monitoring that is required. We have been informed that Labor intends to develop more effective procedures that should correct the problems identified in the report. If a major disagreement develops between the agencies of the character for which OMB assistance in its resolution is appropriate, we will participate as required.

GAO Recommendation - "Because of difficulties being experienced in implementing CSA and DOE home weatherization programs, the Congress may wish to clarify the respective roles of these agencies in future Federal efforts to assist the economically disadvantaged to cope with the rising costs of energy. We are recommending that Congress consider placing responsibility for low-income weatherization on DOE by amending the Community Services Act of 1975 and the Energy Conservation and Production Act of 1976. CSA would continue to retain responsibility for the Crisis Intervention and other direct fuel assistance payment programs, technical assistance, and related efforts for the economically disadvantaged under the Community Services Act."

Response - The Administration concurs with the general thrust of this recommendation, namely, that a single weatherization assistance program should be implemented by the Department of Energy. We would, however, like to address three specific aspects of the GAO recommendation: (1) implementing the weatherization program through a single Federal agency, (2) choosing the Department of Energy to be that agency, and (3) reserving some energy-related activities for the Community Services Administration.

Implementing the weatherization program through a single agency. The Administration believes that the most efficient way to implement the weatherization assistance program, which provides grants to pay for the cost of insulation and other energy conservation materials, is to provide the financial assistance through a single Federal agency. Unfortunately, dual programs have been authorized, have received appropriations, and are being implemented by two separate agencies. Numerous complaints have come to OMB from State officials and local community action agencies about the dual programs. These complaints have centered on the different grant applications, reporting forms, and procedures to be followed for work funded by the two different programs. Furthermore, grant allocations are made separately by each agency without regard to the extent of coverage provided by the program of the other agency, and the allocation formulae differ for the two programs. While interagency meetings have been held in order to reduce some of the differences between the two programs (e.g., developing consistent application and reporting forms), the differences cannot be completely eliminated because of differing statutory restrictions placed on the two programs. As a result, dual funding of programs with the same objectives and types of recipient--but different delivery systems and

procedures--will continue to create confusion and frustration at the local level. The only efficient way to overcome these limitations is for statutory amendments to be made to authorize only a single program to be implemented by one Federal agency.

Choosing the Department of Energy to be the Federal agency responsible for implementing the weatherization assistance program. The Administration believes that the Department of Energy is the best agency to implement an effective weatherization program. While knowledge of the local low-income community is necessary for effective implementation, this knowledge can be provided by community action agencies and any other relevant local agencies that will be funded through the DOE program. The contributions which the Federal Government can make toward the implementation of this program--and for which the DOE program is particularly well suited--are the following:

- Designing a program that most effectively saves energy, developing training and other technical assistance materials that will help during the implementation of the program, and monitoring and making spot-checks to assure that the program is being implemented properly. The technical experience and expertise of the Department of Energy should allow it to be best equipped to implement these activities in an effective way.
- Encouraging widespread geographical coverage to assure that significant segments of the low-income population are not left out of the program. The DOE program is designed to cover 100% of the Nation's counties, while the CSA program only funds community action agencies which exist in 70% of the Nation's counties. The DOE program would retain the local community action agencies as presumptive sponsors where States recognize these agencies as operating effective weatherization programs, while the DOE program would also fund activities in those counties that have no local community action agencies.

We hasten to point out that if the Department of Energy can implement a program which saves energy in the most effective way, that this will also maximize the dollar savings to the low-income community by reducing fuel costs.

Reserving some energy-related activities for the Community Services Administration. The Community Services Administration was designed in part to conceive and develop innovative Federal programs to assist the poor. CSA can and should continue to undertake such activities designed

to address unique, energy-related problems of the Nation's poor. Even though the responsibility for implementing the weatherization assistance program has been authorized for the Department of Energy, and responsibility for providing emergency assistance to the poor during energy crises has been proposed for HEW, the Community Services Administration will continue to have a role seeking out additional problems of the low-income and developing innovative approaches to dealing with these problems.

We hope you will find the above comments useful. Thank you for the opportunity to comment on this draft report.

Sincerely,



W. Bowman Cutter
Executive Associate
Director for Budget

COMPARISON OF
DEPARTMENT OF ENERGY AND
COMMUNITY SERVICES ADMINISTRATION
WEATHERIZATION PROGRAM CRITERIA

Weatherizing rental dwellings

	<u>DOE</u>	<u>CSA</u>
Legally binding agreement required	No	No
Written permission of landlord required before weatherization	Yes	No
Eviction precluded after weatherization	No	Yes
Rents not raised after weatherization	Yes	Yes
Rents reduced recognizing who pays utilities	No	Yes
Federal agency approval of local agreement procedures	Yes	No

Outside project advisory group

	Statewide	Local
Organization		
Specified composition:		
Low income individuals	Yes	Yes
Consumer groups	Yes	No
Utility companies	No	Yes
Elderly and handicapped	Yes	No
Recommends:		
Quality standards	No	Yes
Systems for monitoring and inspection	No	Yes
Dwellings to be weatherized	No	Yes

Weatherization materials allowable

Approved materials specified	Yes	No
Maximum expenditure per unit	\$400	\$250/350
90% material requirement waivable	No	Yes
Limitation on tools and equipment	\$50	Reasonable Cost
Statewide transportation expense limitation	Yes	No
Vehicle purchase or lease	No	Yes
Replacement of heating source	No	Yes

<u>Weatherization technical standards</u>	<u>DOE</u>	<u>CSA</u>
Standards for insulating developed by	A University	Federal Government
Step by step procedures to weatherize single-family homes	Yes	Yes
Cost effectiveness criteria	Yes	No
Minimum acceptable payback periods required	Yes	No
Applicable to multifamily dwellings	No	No

PRINCIPAL OFFICIALS RESPONSIBLE
FOR THE ACTIVITIES DISCUSSED
IN THIS REPORT

Tenure of office
From To

COMMUNITY SERVICES ADMINISTRATION

**DIRECTOR OF THE COMMUNITY
SERVICES ADMINISTRATION:**

Graciela (Grace) Olivarez	Apr. 1977	Present
Robert Chase (acting)	Jan. 1977	Apr. 1977
Samuel Martinez	Apr. 1976	Jan. 1977
Burt Gallegos	Dec. 1974	Apr. 1976

DEPARTMENT OF LABOR

SECRETARY OF LABOR:

F. Ray Marshall	Jan. 1977	Present
W. J. Usery, Jr.	Feb. 1976	Jan. 1977
John T. Dunlop	Mar. 1975	Feb. 1976
Peter J. Brennan	Feb. 1973	Mar. 1975

DEPARTMENT OF ENERGY (note a)

SECRETARY OF ENERGY:

James Schlesinger	Oct. 1977	Present
-------------------	-----------	---------

ADMINISTRATOR (note a):

John O'Leary	Feb. 1977	Sept. 1977
Gorman Smith (acting)	Jan. 1977	Feb. 1977
Frank Zarb	Dec. 1974	Jan. 1977

a/Before Oct. 1, 1977, the Department of Energy was known as the Federal Energy Administration, headed by an Administrator.

(01375)